

SPRING - 2023

Volume 66 No.2

HIGHLIGHTS



A Touchstone Energy® Cooperative
The power of human connections®

"Owned By Those We Serve"



Photo by Saige Edwards, Parker Substation

Garkane invites members to its annual public meetings

The sessions of the 2023 Annual Member meeting of Garkane Energy Cooperative, Inc. will be held Tuesday, April 11th, 2023 in Bicknell at Wayne High School, Wednesday April 12, at Bryce Valley Elementary in Tropic, and Thursday April 13th, at the Kanab Center.

The regular business meeting session will be held at 7:00 p.m.(Mtn) with free catered meal starting at 6:00 p.m. The main order of business conducted at this year's annual meeting will be to provide a report on the operations of the cooperative with a state-of-the-co-op address from CEO Dan McClendon.

In District 3, Tracy Potter, District 6, George Thompson, District 8, Rod Ence, and District 10, Ray Clark were the only candidates to file a nomination petition in their respective districts, and thus according to the Bylaws will be re-elected to three year terms.



FREE
HIGH SCHOOL
STADIUM CHAIR
***1 PER ACCOUNT**

GARKANE'S YEARLY REPORT

Dinner 6:00 - 7:00 pm

Business Report & Prizes 7:00 - 8:00 pm

Annual Meeting
FOR
Members

GARKANE ENERGY
COOPERATIVE

COME FOR FREE DINNER AND DOOR PRIZES

APRIL 11
Wayne High School

APRIL 12
Bryce Valley
Elementary School

APRIL 13
Kanab Center

Inside HIGHLIGHTS This Quarter



Tree planting guide
- Pg. 6 -



2022 Annual Financial Report
- Pg. 11, 12 -

GET PAID TO READ THE PAPER



Win A \$25 CREDIT

We have inserted eight randomly selected Garkane Account Numbers in the text of various articles in this month's edition. **If you find your account number**, call Garkane toll-free at 1-800-747-5403 and we'll credit \$25.00 to your account as a lucky winner! Just one more reason to read HIGHLIGHTS.

There are 8 hidden account numbers located in the text of the newsletter, find your # and win!

Calendar

April 11, 2023	Annual Meeting Bicknell, UT - Wayne HS
April 12, 2023	Annual Meeting Tropic, UT - Bryce Valley Elementary School
April 13, 2023	Annual Meeting Kanab, UT - Kanab Center
April 24, 2023	Board Meeting Hatch, UT
May 22, 2023	Board Meeting Hatch, UT
May 29, 2023	Memorial Day Offices Closed

GARKANE HIGHLIGHTS is published quarterly (January, April, July, and October), by

Garkane Energy
P.O. Box 465
Loa, Utah 84747
1-800-747-5403

As the official publication of the Cooperative, the purpose of **this newsletter** is to communicate to members information concerning their electric cooperative.

GENERAL MANAGER/CEO
Dan McClendon

HIGHLIGHTS
Neal R. Brown, Editor

Garkane Energy Cooperative, Inc.

VOLUME 66 - NO. 1

BOARD OF DIRECTORS

Ron Cazier - Koosharem, Antimony
(435) 893-1604

Chad Williams - Teasdale, Loa
(435) 425-3213

Tracy Potter -Torrey, Bicknell
(435) 425-3128

Reed Munson-Escalante, Boulder
(435) 826-4422

Terry Griffiths-Orderville, Glendale
(435) 616-1034

George Thompson - Cannonville, Tropic, Hatch
(435) 679-8806

Andy Gant- Kanab -Kanab Creek Ranchos, Johnson Cyn
(435) 689-0348

Rodney Ence-Duck Creek Village (435) 682-2526

William Hammon -Centennial Park, Big Water,
Cane Beds (435) 467-1886

Ray Clark-Kanab City Limits (435) 689-0174

Guy Timpson - Colorado City, Hildale (435) 467-2113



Garkane is upgrading its Net Meter application process

Garkane Energy is excited to announce it is getting ready for a remodel on our NET Metering and solar program. Beginning April 1, 2023, we will be temporarily putting a hold on accepting any new applications for both NET metering and Zero Export systems. We are upgrading the process to better protect our members to ensure they get all the information to make informed decisions on a costly investment like a solar system. During the month of April we will be working very hard to update our program so that both our members and the installers working on our system have the best experience.

Overall, Garkane's goal is to design the application process so its as simple and convenient as pos-

sible for our members, while also ensuring that all necessary information is collected and processed in a timely and efficient manner.

Net metering is an important process for anyone interested in generating their own electricity with renewable energy.

There are a lot of steps involved whether that's choosing the right solar provider, applying for net-metering, sizing it correctly to your electric needs, to Garkane's engineering team reviewing the application, commissioning the project, and installing a net-meter to provide the right billing. (754404)

Please keep a close eye on our website, www.garkaneenergy.com for updates on our progress. For questions, please call 800-747-5403.

Board of Directors re-appointed to three-year terms



Tracy Potter
Torrey, UT



George Thompson
Cannonville, UT



Rod Ence
Duck Creek, UT



Ray Clark
Kanab, UT

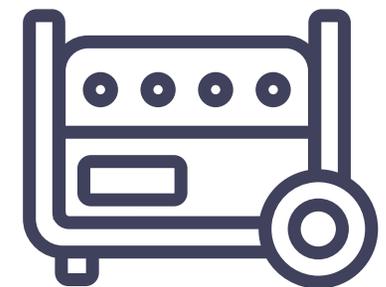
The incumbent directors, Tracy Potter in District 3, George Thompson in District 6, Rod Ence in District 8, and Ray Clark in District 10 were the only

ones to file a nomination petition, and according to Garkane's Bylaws shall be appointed as Directors and will serve three year terms.

A QUICK GUIDE TO GENERATORS

With proper use and maintenance, generators provide great convenience during a power outage.

- Before you purchase a generator, determine your backup power needs to select the right size.
- Make a list of essential appliances and devices you'll want to power during an outage, then total the required wattage.



SAFETY FIRST!

- Let us know if you purchase a generator that you plan to connect to an electric panel.
- Improperly installed generators can create back feed, which is dangerous to our crews and the community. **Before using the generator, disconnect the normal source of power coming into your home/business.**
- Never operate a generator indoors or in an enclosed space.

Disclaimer: Please note safety requirements may differ based on the type of generator you purchase.

Thoroughly read the operator's manual and know how to shut off the generator quickly.

Source: Consumer Reports

SURPLUS ITEMS FOR SALE

Bids from Garkane Members only are currently being accepted for the following items:



The building is located at 1346 US-89A, Fredonia, AZ 86022. Call 800-747-5403 to schedule a site visit.



Submit A Bid

Submit in a sealed envelope with "BID ITEM #" Clearly written on the outside to:

Garkane Energy
Attn: Surplus Items
PO Box 465,
Loa, UT 84747

Sealed bids will be accepted until 5:00 p.m. Friday, April 28th, 2023. Garkane reserves the right to accept or reject any and all bids.

Garkane is accepting bids for a member to purchase the structure and have it removed. The building is located at 1346 US-89A, Fredonia, AZ 86022.

Timeline: Please provide an estimated time line of when the removal will begin, and estimated time frame of when removal will be finished. (7801)

Site Visit: For a site visit before bidding, please call 800-747-5403 to arrange a time.

Sealed bids will be accepted until 5:00 p.m. Friday, April 28th, 2023. Garkane reserves the right to accept or reject any and all bids.

Garkane's Energy Advisor James Clegg discusses EV adoption at national conference in Nashville



Moderator Stephanie Crawford of NRECA, James Clegg of Garkane Energy, Scott Drake of East Kentucky Power Cooperative, and the Department of Energy's Chris Irwin take part in a PowerXchange breakout session on transportation electrification. (Photo By: Michael Lynch/NRECA)

NASHVILLE, Tenn.—The Department of Energy will work with electric cooperatives to predict future rates of electric vehicle adoption in rural areas so co-ops can better plan for increased demand, a DOE official told co-op leaders at PowerXchange.

"I think everyone has probably gotten the message that the EV wave is inevitable," said Chris Irwin, the agency's program manager of advanced grid research and development, at a breakout session on "Predicting the Future of Transportation Electrification."

"If I can do my job right, I will arm you with information. It should not be the responsibility of your co-op to predict the uptake of these electric vehicles." (2213000)

DOE will analyze data across the nation to develop "credible projections that you can customize to your area," Irwin said.

Co-op leaders say that trying to predict future EV adoption rates will be key as they prepare to serve a national network of EV charging stations funded by the \$1.2 trillion bipartisan infrastructure law.

Garkane Energy Cooperative in Loa, Utah, has been asked by the state to help create at least 14 Level 3 fast-charging stations to serve visitors to the national parks in southern Utah and northern Arizona, said James Clegg, energy adviser at the 14,000-member co-op.

About 10 million people come to visit the national parks each year, and more and more of the rental cars they drive will be electric, he said.

"We're still scrambling with forecasts," Clegg said.

Predictions about the level of EV adoption are also crucial to East Kentucky Power Cooperative, a generation and transmission co-op headquar-

tered in Winchester that is working on a plan to encourage EV drivers to charge their vehicles at home during off-peak hours.

"In rural Kentucky, we don't know the landscape," said Scott Drake, the co-op's manager of corporate technical services. "We can't do a time-of-use rate without that data."

Instead, the co-op plans to offer EV owners a flat 2-cent discount per kilowatt-hour for charging when demand for electricity is low. The co-op will handle consumer signups for the

pilot program on behalf of its 16 distribution co-op members, Drake said. There will be no penalties for EV owners who charge during peak hours.

"It will be all carrot and no stick," he said.

DOE is conducting more than a dozen simulations at its national labs to help predict EV adoption levels, Irwin said.

"We can give you good information sources from the outside world, so you don't have to re-create everything," he said.

Garkane Propane, WHAT A WINTER IT HAS BEEN!

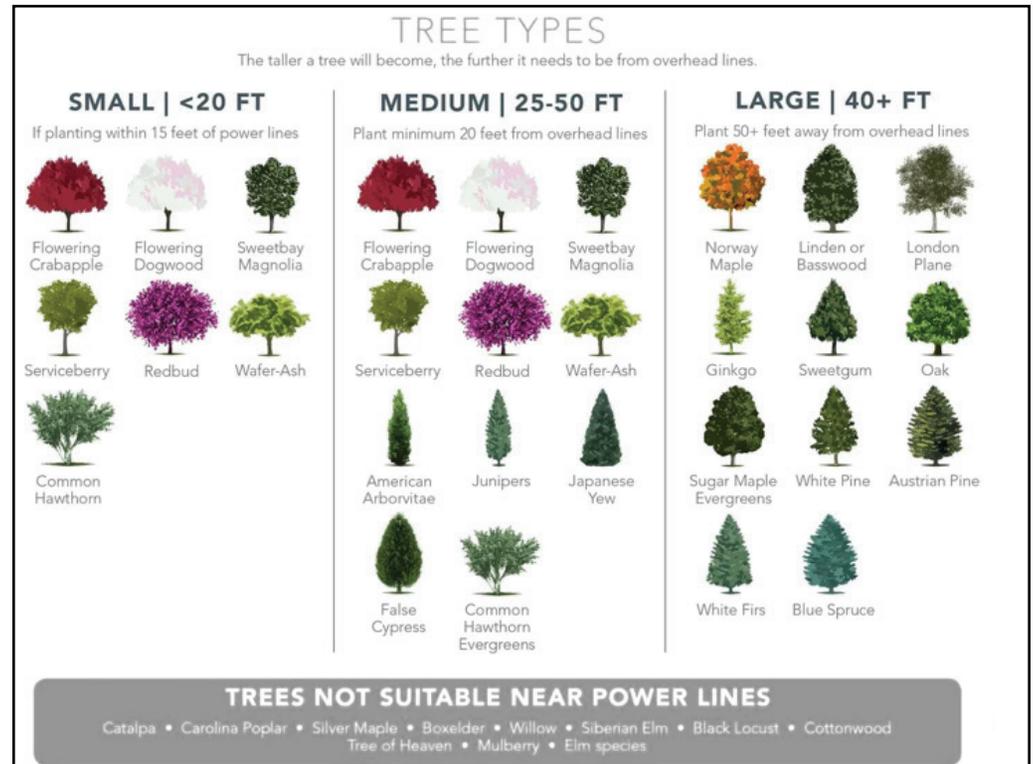
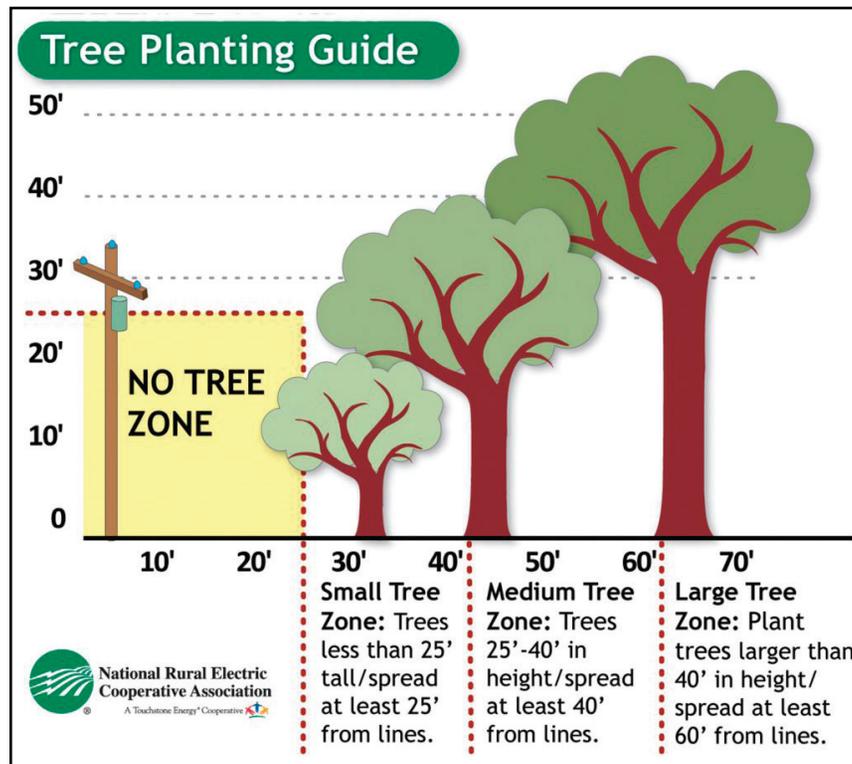
The 2022-2023 winter has been one to remember. We have seen some very large storms come through the area containing large amounts of snow and moisture. Garkane propane and it's team members are (86510) doing everything they can to meet your propane needs. For customers who are in a high altitude area the snow levels are still very high which makes deliver-

ing propane very difficult. In previous years the delivery team was completing spring deliveries by April 1st. This year with the high amounts of snow it may be May 1st or later for some area's. Please let us know if you are in need of propane before we can get there, and we will do everything we can to meet your needs.



Rob Matthews delivers propane, while huge snow drifts make it difficult to get to locations, find tanks, and make his delivers due to the record snowpack on Cedar Mtn.

Spring time is planting season, and we ask that you be aware of where you're planting



Recommended trees to plant in Southern Utah

- Pekin Lilac
- Hedge Maple
- Golden Rain Tree
- Japanese Tree Lilac
- Amur Cork Tree
- Hophornbeam (Ostrya Virginiana)
- Chinese Date
- Amur Maple
- Mayday Tree
- American Hornbeam
- Serviceberry
- Thornless Cockspur Hawthorn
- Winterking Hawthorn Shubert
- Chokecherry
- Washington Hawthorn



Tree trimming is an important practice for maintaining reliable electricity because trees can cause power outages and other (407902) electrical problems when they come into contact with power lines.

Prevention of outages: Trees that grow too close to power lines can cause outages when they fall or branches break off and come into contact with the lines. Regular tree trimming can prevent these types of outages by creating a clear space around the power lines.

Improved safety: Trees that come into contact with power lines can be dangerous, posing a risk of electrocution and fire. By trimming trees, Garkane can reduce the risk of accidents and improve safety for both our workers and the public.

Cost savings: Power outages caused by trees can be expensive to

repair, and the cost of repairing damage can be passed on to customers in the form of higher rates. By proactively trimming trees, Garkane can reduce the number of outages and the associated repair costs, which can lead to cost savings for both Garkane and its members.

Compliance with regulations: Garkane is required to maintain a certain distance between power lines and vegetation to comply with regulations and ensure safe and reliable electricity delivery. Regular tree trimming can help us meet these requirements and avoid penalties.

Preservation of trees: While tree trimming may involve the removal of some branches or trees, it can also help preserve the health of trees by removing diseased or damaged branches and promoting healthy growth. This can help maintain the aesthetic value of trees while also ensuring reliable electricity delivery.



BE SAFE: Large snow piles make power lines dangerously accessible

Recently, a boy came into contact with a Garkane Energy power line while he was playing on a large snow pile. The large amounts of extra snow this winter, tall snow piles created from snow plows and snow blowers presented a situation where the boy came into contact with the line. The young man was severely injured and we hope and pray for his recovery. Garkane desperately urges our members to be on the lookout for, and to reinforce the dangers of power lines to your children.

Heavy snow can also cause trees to fall on lines, breaking power poles, causing the lines to be dangerously accessible. If you see a downed power line, it is important to treat it as a se-

rious and potentially life-threatening situation and an emergency. Here are the steps you should follow:

1. **Stay Away:** Stay away and keep others away.
2. **Call For Help:** Call 911 or contact Garkane Energy and provide as much information as possible.
3. **Warn Others:** Warn others about the line, and keep them away.
4. **Wait for Assistance:** Wait for help to arrive and do not attempt to move the line. It can still be energized.

Remember, electricity can be extremely dangerous. Accidents happen, but following these steps, can help prevent injury or even death.

HISTORIC GROWTH STATISTICS Electric only numbers (does not include Propane)

Year	No. of Members	Annual Electric Revenues	KWHs Sold (Millions)	Plant (Millions)	Wholesale Power Costs	Miles of Line	Members/per Line Mile
2012	12,842	21,187,447	229.8	95.74	7,171,567	2,212	5.81
2013	12,825	22,746,974	248.4	102.42	7,974,991	2,225	5.83
2014	12,922	22,184,562	239.8	108.36	7,378,971	2,245	5.76
2015	13,079	23,102,962	240.5	113.01	8,380,091	2,294	5.70
2016	13,293	25,182,149	255.9	117.6	8,804,659	2,310	5.75
2017	13,320	23,818,704	241.5	122.5	9,190,139	2,393	5.57
2018	13,606	24,248,291	242.6	126.4	9,366,594	2,527	5.38
2019	13,874	24,615,222	249.9	132.5	10,058,600	2,546	5.45
2020	14,263	25,012,376	259.3	138.2	9,890,114	2,595	5.50
2021	14,696	26,238,298	268.4	141.8	10,586,489	2,628	5.59
2022	15,217	28,730,445	287.3	147.4	12,244,382	2,671	5.70

2022 OPERATIONS & ENGINEERING REPORT



CREWS ON THE KAIBAB MTN.



REMOVING A DOWNED TREE ON A LINE



REPAIRING A LINE

13 MILES

COMPLETED & ENERGIZED
BUCKSKIN TO FREDONIA
TRANSMISSION LINE

700 PROJECTS

PROJECTS STAKED FOR
NEW CONSTRUCTION

2 SUBSTATIONS

UPGRADED THE FREDONIA
AND SIGURD SUBSTATIONS

MARKETING & MEMBER SERVICE REPORT



ROPES COURSE TEAM BUILDING EXERCISE



SCHOLARSHIP BANQUET (1335204)



2022 MONTHLY CONTRIBUTIONS

25 STUDENTS

COMPLETED THE MICHAEL
F. PETERSON YOUTH
LEADERSHIP CAMP

\$22,000

AWARDED FOR
SCHOLARSHIPS FOR
CONTINUING EDUCATION

52%

INCREASE FROM THE
PREVIOUS YEAR IN OPERATION
ROUND-UP PARTICIPANTS

CONSOLIDATED STATEMENTS OF REVENUE & PATRONAGE CAPITAL, AS OF DEC. 31

	<u>2022</u>	<u>2021</u>
Operating Revenue		
Revenues	\$36,234,706	\$32,206,584
Expenses & Deductions		
Cost of Sales	17,180,404	14,559,122
Transmission Expense	721,414	698,229
Distribution Expense	3,512,727	3,193,795
Consumer Accounts Expense	831,055	786,172
Customer Service Expense	515,962	324,065
Administrative & General Expense	6,213,523	5,126,333
Depreciation & Amortization Expense	4,359,108	4,239,461
Tax Expense	697,043	684,080
Interest Expense	1,299,227	1,296,934
Other Deductions	37,837	25,433
TOTAL COST OF SERVICE	\$35,368,300	\$30,933,624
OPERATING MARGINS	\$866,406	\$1,272,960
Non-Operating Margins & Other Credits		
Interest Earnings	45,582	27,766
Other Capital Credits & Allocations	526,135	458,204
Misc. Non-Operating Income	96,129	51,168
Gain/Loss on Disposition of Property	131,122	398,238
Other (Including Extraordinary Items)	61,502	1,424,716
Provision for Income Taxes		
NET MARGINS	1,726,876	3,633,052
Patronage Capital - Beginning of Year	54,600,371	52,544,459
Prior Period Adjustment		
Refund of Patronage Capital Credits	(1,542,855)	(1,577,140)
PATRONAGE CAPITAL - END OF YEAR	\$54,784,392	\$54,600,371

2022 FINANCIAL SNAPSHOT

33.9%
OPERATIONAL
EXPENSE

\$10,108,462

42.3%
WHOLESALE
POWER EXPENSE

\$12,619,062

18.2%
DEPRECIATION

\$5,425,974

3.25%
NET MARGINS

\$1,726,876

*Consolidated Net Margin

2.33%
TAXES

\$697,043

CONSOLIDATED BALANCE SHEET, AS OF DEC. 31

54.3%
RESIDENTIAL
SALES

\$15,609,235

30.2%
SMALL
COMMERCIAL
SALES

\$8,686,379

5%
LARGE

COMMERCIAL

\$1,436,802

8.2% STREET LIGHT
SALES \$2,345,742

2.2% IRRIGATION
SALES \$643,288

	2022	2021
ASSETS		
Long-Term Assets		
Plant	\$147,384,040	\$141,789,686
Less: Depreciation	<u>(67,279,368)</u>	<u>(63,397,808)</u>
NET PLANT	80,104,672	78,391,878
Non-Utility Property	3,063,362	3,077,287
Investments in Assoc. Organizations	2,135,350	2,117,885
Other Investments	<u>971,465</u>	<u>472,412</u>
TOTAL LONG-TERM ASSETS	\$86,274,849	\$84,059,462
Current Assets		
Cash	3,668,083	2,327,454
Accounts Receivable - Net	6,590,295	5,237,248
Materials & Supplies	5,134,808	5,295,527
Prepayments & Other Accrued Assets	243,517	808,126
Total Current Assets	<u>15,636,703</u>	<u>13,668,355</u>
TOTAL ASSETS	\$101,911,552	\$97,727,817
LIABILITIES & PATRONAGE		
Patronage Capital	\$54,784,392	\$54,600,371
LONG-TERM DEBT		
Deferred Income Tax Liability - NET	418,810	454,493
Accumulated Operating Provisions	10,637	4,380
Other Long-Term Debt	427,461	442,943
CFC Mortgage Notes	29,658,953	31,299,546
TOTAL LONG TERM DEBT	<u>\$30,515,861</u>	<u>\$32,201,362</u>
CURRENT LIABILITIES		
Accounts Payable	4,256,826	2,980,368
Consumer Deposits	588,448	505,355
Other Current Liabilities	10,162,508	5,797,883
TOTAL CURRENT LIABILITIES	<u>\$15,007,782</u>	<u>\$9,283,606</u>
Deferred Credits	1,603,517	1,642,478
TOTAL LIABILITIES & PATRONAGE	<u>\$101,911,552</u>	<u>\$97,727,817</u>

From the CEO's Desk

by Dan McClendon



We are pleased to give our 2022 annual report to our members. Pages in this newsletter touch on some of the highlights, but our employees accomplished so much in 2022 despite the challenges they faced. I invite you read and learn more about the official annual report which can be found on our website and given out at our annual meetings. I invite all to attend an annual meeting. We hold them in multiple areas to give our members an opportunity to attend where its most convenient.

The electric industry is constantly transforming, and Garkane keeps performing by delivering electricity to our ever changing 15,217 members. This was no different in 2022, as the co-op faced multiple obstacles in achieving its goal of delivering safe, affordable and (82502) reliable electricity. Some of those obstacles included supply chain shortages, wholesale power cost increases and dramatic weather occurrences, which made it challenging to deliver results. Garkane employees shined bright in 2022 and were able to overcome the operational obstacles. They performed at a high level and kept their promise to the co-op members. Garkane continues not only

to provide reliable electricity at a lower cost, but we also work hard to build strong relationships and enhance the member experience. A Garkane member gets a lot more than just affordable power...they get the benefit of a being a member of a cooperative family.

Extreme weather conditions have provided challenges for our crews this year. They work hard to provide safe, reliable power to our members. Due to extreme conditions in 2022, Garkane issued a "high-five" alert last summer due to electric shortages on the western electric grid. A "high five" alert asked all members to turn their thermostat up five degrees to reduce peak demand. We thank our members for voluntarily participating in this program. In peak-demand times, electricity costs can skyrocket, which can lead to rolling blackouts, and Garkane is determined to do all we can to prevent this. Wintertime also brought heavy snowstorms throughout our territory causing several outages. Tree trimming efforts in the off-season has been critical in reducing these winter outages.

Supply chain shortages also presented challenges for Garkane this year. Some new construction and maintenance jobs were delayed because of our inability to acquire materials and equipment. Shortages on 3-phase transformers continue to be a major issue. Garkane administrators planned and ordered materials in advance as much as possible and stocked inventory accordingly to provide the best service possible.

Member rate increases are never welcome but sometimes necessary. Unfortunately, In 2022 Garkane had to adjust retail rates due to an increase in wholesale power costs. Correspondingly, a minor retail increase was added to the kWh charge and an additional \$5 was added to the base rate. Whenever rates need to increase, the Board and Management look closely at all changes to ensure rate increases are absolutely necessary. Inflation was one of the major reasons for rate increases in 2022.

Because materials and supplies costs increased so dramatically, Garkane's staff had to meticulously plan for increases to help keep operating margins within a satisfactory level. Even with these increases, Garkane was able to refund 1.5 million in capital credits and is in a strong financial position moving forward into 2023.

In 2022, crews worked diligently on finishing and energizing the 13 miles of the Buckskin-to-Kanab transmission line to provide adequate resources to Kane County for future growth in the area. Substation Technicians rebuilt and upgraded the Fredonia and Sigurd Substations. Also, crews continued to replace and upgrade poles throughout the service territory that are aged and/or need to be replaced. Crews continue to focus on tree-trimming to help reduce outage possibilities. As member growth continues, so does new construction projects. The Staking (Planning) Department staked over 700 projects in 2022, ranging from residential to larger 3-phase services. The employees at Garkane stay dedicated to keeping the lights on, performing their duties at the highest level in the ever-transforming electric world.

As your energy provider, Garkane's mission is to ensure that every interaction with our members is positive as well as fostering positive communities. Garkane has always been very active in the communities we serve, whether it's through providing scholarships to help fund educational opportunities for your students, community event sponsorships, or funding charitable projects with the Operation Round-up program. Community engagement continues to be a priority for Garkane's Board and Management. We've seen tremendous growth in our Operation Roundup program. Contributions almost doubled the previous year's contributions as more members become aware of the program benefits. By joining the program, members donate just small amounts every month, and those proceeds go towards charitable and community outreach. When

combined with additional small donations of more than 15,000 members, we can make a huge difference in our communities. We hope all our members participate and get the sense of joy that comes from donating to a bigger cause. Please join the Roundup program if you are not already participating. Small change from us equates to big change for others. The seventh cooperative principle—Concern for Community is alive and well at Garkane.

And lastly, another major benefit of the cooperative structure is the way members help fund cooperative operations, helping keep rates as low as possible. At the end of every year, Garkane uses the margin, and invests it back into poles and wires. The value of this investment is credited to the members who used electricity that year by purchasing power. That credit, which in co-op terms is referred to capital credits is eventually returned to the members when the board approves a retirement of such credits. In 2022, the Garkane Board approved a retirement of \$1.5 million in refunds, which proved to be a huge financial boost for our communities. Capital structure "sharing" is just one of the major benefits of being a cooperative member, rather than just being a customer of a "for-profit" utility. In a co-op, all money collected that exceeds costs, eventually goes back to the members. (1885000)

As your co-op leaders, we understand the importance of making sound business decisions. We constantly work to make sure the decisions we make will have a positive impact on the future. Every decision we make requires careful consideration and collaboration in order to benefit our entire membership. Looking back, 2022 was a challenging year, but a great year...now, we look forward to an even brighter and better 2023 as we keep performing while the industry keeps transforming.

Respectfully,
Dan McClendon